

**NORTH FORK
LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999***

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**NORTH FORK
LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
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TRIMBLE, JULIAN & GRUBE, INC.

JACK MCDONALD, TREASURER

TJG

**NORTHFORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

Board of Education
North Fork Local School District
Utica, Ohio

We have reviewed the Independent Auditor's Report of the North Fork Local School District, Licking County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The North Fork Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 4, 2000

TRIMBLE, JULLAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Independent Auditor's Report

Board of Education
Northfork Local School District
312 Maple Ave.
Utica, Ohio 43080-0497

We have audited the accompanying general purpose financial statements of the North Fork Local School District, Licking County, (the "School District"), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the North Fork Local School District, Licking County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 14, 1999

North Fork Local School District
Licking County
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type	Account Groups		(Memorandum Only)
	General	Special Revenue			General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS							
Pooled Cash and Cash Equivalents	\$ 1,670,232	\$ 0	\$ 4,798	\$ 35,257	\$ 0	\$ 0	\$ 2,047,021
Restricted Cash for Budget Reserves	114,071	0	0	0	0	0	114,071
Receivables (Net of Allowance for Uncollectibles)	2,907,439	0	0	0	0	0	3,066,994
Taxes	2,877	159,555	0	60	0	0	3,182
Accounts	2,100	0	98	0	0	0	19,448
Due from Other Governments	20,055	2,158	15,190	0	0	0	20,055
Interfund Loans Receivable	0	0	0	0	0	0	10,395
Materials and Supplies Inventory	0	0	10,395	0	0	0	0
Property, Plant and Equipment (Net Where Applicable)	0	0	47,776	0	6,528,271	0	6,576,047
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	943,714	943,714
Total Assets and Other Debits	\$ 4,716,794	\$ 166,887	\$ 78,257	\$ 35,317	\$ 6,528,271	\$ 943,714	\$ 12,800,927
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts Payable	\$ 46,985	\$ 4,584	\$ 3,994	\$ 1,192	\$ 0	\$ 0	\$ 72,594
Accrued Wages and Benefits	771,136	52,509	34,049	0	0	0	857,694
Intergovernmental Payable	156,513	8,544	3,441	0	0	94,842	263,340
Deferred Revenues	2,753,316	150,609	7,907	0	0	0	2,911,832
Due to Students	0	0	0	32,231	0	0	32,231
Compensated Absences Payable	61,562	0	15,325	0	0	738,377	815,264
Interfund Loans Payable	0	25	0	30	0	0	20,055
Capital Lease Obligations	0	0	0	0	0	110,495	110,495
Total Liabilities	\$ 3,789,512	\$ 186,448	\$ 64,716	\$ 33,453	\$ 0	\$ 943,714	\$ 5,083,505
EQUITY AND OTHER CREDITS							
Investment in General Fixed Assets	0	0	0	0	6,528,271	0	6,528,271
Contributed Capital	0	0	11,142	0	0	0	11,142
Retained Earnings - Unreserved	0	0	2,399	0	0	0	2,399
Fund Balances:							
Reserved for Property Taxes	154,123	0	0	0	0	0	163,069
Reserved for Encumbrances	177,506	38,047	0	0	0	0	254,546
Reserved for Budget Stabilization	114,071	0	0	0	0	0	114,071
Designated for Budget Stabilization	355	0	0	0	0	0	355
Unreserved - Undesignated	481,227	63,178	0	1,864	0	0	643,569
Total Equity and Other Credits	\$ 927,282	\$ 101,225	\$ 13,541	\$ 1,864	\$ 6,528,271	\$ 0	\$ 7,717,422
Total Liabilities and Fund Equity	\$ 4,716,794	\$ 166,887	\$ 78,257	\$ 35,317	\$ 6,528,271	\$ 943,714	\$ 12,800,927

The notes to the general purpose financial statements are an integral part of this statement.

North Fork Local School District
Licking County
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types and Expendable Trust Fund
Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$ 2,673,828	\$ 0	\$ 58,609	\$ 149,102	\$ 0	\$ 2,881,539
Tuition and Fees	4,302	60	0	0	0	4,362
Earnings on Investments	125,690	0	0	2,859	43	128,592
Intergovernmental	5,749,625	502,347	0	331,995	0	6,583,967
Sales	1,094	225,315	0	0	0	226,409
Other	7,850	47,296	0	0	1,000	56,146
Total Revenues	8,562,389	775,018	58,609	483,956	1,043	9,881,015
Expenditures:						
Current Operating:						
Instruction	5,098,026	361,782	0	204,290	1,000	5,665,098
Pupil Support Services	453,530	18,399	0	0	0	471,929
Instructional Support Services	146,651	122,432	0	621	0	269,704
Administration	878,936	18,377	0	452	0	897,765
Business and Fiscal Services	260,694	0	0	2,454	0	263,148
Operation and Maintenance of Plant Services	629,487	0	0	2,256	0	631,743
Transportation Services-Pupils	721,988	0	0	50,616	0	772,604
Other Support Services	110,766	4,643	0	0	0	115,409
Extracurricular Activities	198,771	0	0	0	0	198,771
Community Services	0	277,766	0	11,143	0	288,909
Capital Outlay	8,895	0	0	268,108	0	277,003
Debt Service:						
Principal	26,305	0	70,000	0	0	96,305
Interest	9,447	0	5,040	0	0	14,487
Total Expenditures	8,543,496	803,399	75,040	539,940	1,000	9,962,875
Excess of Revenues Over (Under)						
Expenditures	18,893	(28,381)	(16,431)	(55,984)	43	(81,860)
Other Financing Sources (Uses)						
Operating Transfers In	551	28,529	0	10	0	29,090
Operating Transfers Out	(93,138)	(1,102)	0	0	0	(94,240)
Other	2,538	(5,083)	0	(242)	0	(2,787)
Total Other Financing Sources (Uses)	(90,049)	22,344	0	(232)	0	(67,937)
Excess of Revenues and Other Financing						
Sources Over (Under) Expenditures						
and Other Financing Uses	(71,156)	(6,037)	(16,431)	(56,216)	43	(149,797)
Fund Balances at Beginning of Year, July 1	998,438	107,262	16,431	201,455	1,821	1,325,407
Fund Balances at End of Year, June 30	\$ 927,282	\$ 101,225	\$ 0	\$ 145,239	\$ 1,864	\$ 1,175,610

The notes to the general purpose financial statements are an integral part of this statement.

North York Local School District
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget (Non-Grant Basis) and Actual
 All Amounts Budgeted Governmental Fund Types
 Year Ended June 30, 1999

	General Fund			Special Revenues Fund			Debt Service Fund			Capital Projects Fund			Totals (Maximum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues															
Taxes and Fees	2,744,818	2,745,548	\$ 730	0	0	0	64,480	64,480	0	151,461	151,461	0	2,940,489	2,940,489	\$ 0
Grants	135,800	135,800	0	0	0	0	0	0	0	0	0	0	135,800	135,800	0
Operating Transfers In	5,291,977	5,251,787	(40,190)	0	0	0	0	0	0	0	0	0	6,095,981	6,095,971	(10)
Investment Income	379	0	379	0	0	0	0	0	0	0	0	0	1,094	1,094	0
State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary	5,472	5,472	0	234,679	234,775	96	0	0	0	0	0	0	34,779	34,779	0
Other	0	0	0	47,626	47,626	0	0	0	0	0	0	0	53,104	53,104	0
Total Revenues	8,827,167	8,832,265	5,098	292,294	292,294	96	64,480	64,480	0	486,281	486,281	0	10,078,165	10,078,290	125
Expenditures															
Operating															
Personnel	5,154,612	5,121,139	33,473	370,775	370,775	0	0	0	0	235,148	235,148	0	5,813,696	5,717,521	96,175
Materials	480,119	479,069	1,050	1,050	1,050	0	0	0	0	0	0	0	287,425	287,425	0
Professional Support Services	152,997	151,665	1,332	129,283	129,283	0	0	0	0	653	653	0	227,269	227,269	0
Administrative	987,849	968,856	18,993	18,996	18,996	692	0	0	0	468	468	0	977,907	972,314	5,593
Business and Fiscal Services	255,810	255,289	521	0	0	0	0	0	0	2,460	2,460	0	258,319	257,743	576
Plant Services	694,649	693,146	1,503	0	0	0	0	0	0	8,069	8,069	0	608,435	604,102	4,333
Transportation Services	124,580	124,580	0	0	0	0	0	0	0	31,650	31,650	0	124,580	124,580	0
Other Support Services	240,720	240,720	0	304,887	304,887	6,167	0	0	0	0	0	0	124,296	124,296	0
Capital Expenditures	208,865	208,865	0	312,886	312,886	8,199	0	0	0	11,463	11,463	0	513,086	504,267	8,819
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	200,000	200,000	0	0	0	0	303,729	303,729	0	512,804	291,231	220,493
Principal	0	0	0	0	0	0	70,000	70,000	0	0	0	0	70,000	70,000	0
Interest	0	0	0	0	0	0	3,040	3,040	0	0	0	0	5,040	5,040	0
Total Expenditures	8,827,167	8,832,264	1	920,625	847,848	72,677	73,640	73,640	0	614,296	582,485	31,811	10,077,654	10,045,987	31,667
Excess of Revenues Over (Under) Expenditures	(5,000)	(5,000)	0	(28,331)	(28,331)	24,653	(10,560)	(10,560)	0	(28,331)	(28,331)	0	(67,207)	(67,207)	31,667
Other Financing Sources (Uses)															
Operating Transfers In	500	500	0	28,329	28,329	0	0	0	0	10	10	0	29,009	29,009	0
Operating Transfers Out	(82,400)	(82,400)	0	(1,100)	(1,100)	0	0	0	0	30,400	30,400	0	(82,400)	(82,400)	0
Operating Advances Out	(2,100)	(2,100)	0	(81,100)	(81,100)	0	0	0	0	0	0	0	(84,200)	(84,200)	0
Proceeds from Sale of Plant Assets	3,100	3,100	0	(5,000)	(5,000)	0	0	0	0	(2)	(2)	0	3,098	3,098	0
Other	(386,323)	(386,323)	0	(5,000)	(5,000)	0	0	0	0	(53,200)	(53,200)	0	(386,323)	(386,323)	0
Total Other Financing Sources (Uses)	(112,923)	(112,923)	0	(59,771)	(59,771)	0	0	0	0	(23,592)	(23,592)	0	(69,219)	(69,219)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(67,423)	(67,423)	0	(28,331)	(28,331)	24,653	(10,560)	(10,560)	0	(28,331)	(28,331)	0	(67,207)	(67,207)	31,667
Fund Balances at Beginning of Year	1,351,579	1,351,579	0	95,476	95,476	0	10,560	10,560	0	92,487	92,487	0	1,551,906	1,551,382	524
Prior Year Encumbrances Appropriated	249,609	249,609	0	44,287	44,287	0	0	0	0	103,470	103,470	0	397,306	397,306	0
Fund Balances at End of Year	1,601,188	1,601,188	0	149,763	149,763	0	10,560	10,560	0	146,057	146,057	0	1,949,212	1,948,688	524

The notes to the general purpose financial statements are an integral part of this statement.

North Fork Local School District
Licking County
Statement of Revenues, Expenses
and Changes in Retained Earnings
Proprietary Fund Type
Year Ended June 30, 1999

	Enterprise Funds
Operating Revenues	
Tuition and Fees	\$ 42,603
Sales	263,689
Total Operating Revenues	306,292
Operating Expenses	
Salaries and Wages	143,537
<i>Fringe Benefits</i>	74,577
Purchased Services	10,339
Materials and Supplies	280,104
Depreciation Expense	3,095
Other	7,291
Total Operating Expenses	518,943
Operating Loss	(212,651)
Nonoperating Revenues	
Intergovernmental Revenues	105,558
Donated Commodities	32,307
Total Nonoperating Revenues	137,865
Loss Before Operating Transfers	(74,786)
Operating Transfers In	65,150
Net Loss Income After Operating Transfers	(9,636)
Retained Earnings at Beginning of Year	12,035
Retained Earnings at End of Year	2,399
Contributed Capital at Beginning of Year	0
Contributed Capital During the Year	11,142
Total Fund Equity at End of Year	\$ 13,541

The notes to the general purpose financial statements are an integral part of this statement.

North Fork Local School District
Licking County
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 1999

	Proprietary Fund Type
	Enterprise
Cash Flow from Operating Activities:	
Operating (Loss)	\$ (212,651)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Depreciation	3,095
Decrease (Increase) in Amounts Due from Other Governments	(15,190)
Decrease (Increase) in Supplies & Materials Inventory	(5,686)
Decrease (Increase) in Accounts Receivable	76
(Decrease) Increase in Accounts Payable	2,000
(Decrease) Increase in Intergovernmental Payable	(5,150)
(Decrease) Increase in Accrued Wages & Benefits	10,012
(Decrease) Increase in Compensated Absences Payable	8,246
(Decrease) Increase in Deferred Revenue	3,198
Net Cash provided by Operating Activities	601
Donated Commodities Used	32,307
Intergovernmental Revenue	105,558
Transfers In	65,150
Net Cash provided by Noncapital Financing Activities	203,015
Net Cash (Used in) Capital Financing Activities	(9,139)
(Decrease) in Cash for the Year	(18,174)
Cash at Beginning of Year, July 1	22,972
Cash at End of Year, June 30	\$ 4,798

The notes to the general purpose financial statements are an integral part of this statement.

North Fork Local School District
Licking County
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enterprise Fund
Year Ended June 30, 1999

	Proprietary		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Operating Revenues			
Sales	\$ 306,256	\$ 306,368	\$ 112
Total Revenues	<u>306,256</u>	<u>306,368</u>	<u>112</u>
Operating Expenditures			
Salaries and Wages	142,496	142,496	0
Fringe Benefits	62,510	62,510	0
Purchased Services	9,858	9,858	0
Supplies, Materials and Texts	251,269	251,169	100
Capital Outlay	10,830	10,830	0
Other Expenditures	7,214	7,214	0
Total Expenditures	<u>484,177</u>	<u>484,077</u>	<u>100</u>
Excess of Revenues Over (Under) Expenditures	<u>(177,921)</u>	<u>(177,709)</u>	<u>212</u>
Other Financing Sources (Uses)			
Intergovernmental Revenues	90,367	90,367	0
Operating Transfers In	65,150	65,150	0
Total Other Financing Sources (Uses)	<u>155,517</u>	<u>155,517</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(22,404)</u>	<u>(22,192)</u>	<u>212</u>
Fund Balance at Beginning of Year	4,286	4,286	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$ (18,118)</u>	<u>\$ (17,906)</u>	<u>\$ 212</u>

The notes to the general purpose financial statements are an integral part of this statement.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

North Fork Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1957 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 156 square miles. It is located in Licking and Knox Counties, and includes all of the Villages of Utica and St. Louisville, a portion of the City of Newark; all of McKean, Newton, and Washington Townships; and portions of Burlington, Eden, and Mary Ann Townships in Licking County. It also includes all of the Village of Martinsburg and parts of Morgan and Clay Townships in Knox County. The School District is the 300th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 79 classified employees, 115 certificated full-time teaching personnel and 12 administrative employees who provide services to 1886 students and other community members. The School District currently operates 5 instructional buildings, 1 administrative building, and 1 bus maintenance garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For North Fork Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the North Fork Local School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the North Fork Local School District.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District is associated with one organization that has been defined as joint venture and an insurance purchasing pool. These organizations include the Licking Area Computer Association, and the Ohio School Boards Association Workers Compensation Group Rating Plan. These organizations are presented in Notes 9 and 17 to the general purpose financial statements.

The financial statements of the North Fork Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are the School District's governmental fund types:

General Fund -The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds -Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund(s) -The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Fund(s) -The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund(s) -Enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group -This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group -This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure.

On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each funds interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During fiscal year 1999, investments were limited to a repurchase agreement sweep account and STAR Ohio.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

In accordance with Ohio statute, the Board has authorized investment earnings to be credited to the General Fund and the Permanent Improvement fund. The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Investments</u>	<u>Interest Assigned From Other Funds</u>
<u>General</u>	\$125,690	\$106,735	\$18,955

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis.

Inventory of the proprietary fund consists of donated food and is expensed when used.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the respective fund.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars (\$500.00). The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund is computed using the straight-line method over an estimated useful life of five to twenty years.

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement
- State Equity Funds

Non-Reimbursable Grants

Special Revenue Funds

- Career Development
- Local Professional Development Grant
- Management Information Systems
- Data Communications Grant
- Project Improvement
- Instructional Material Subsidy

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Reimbursable Grants (Continued)
Special Revenue Funds (Continued)

NDEA Title III
Title VI-B
Title I
Title VI
Drug-Free Schools Grants
Telecommunications Act Grant
Goals 2000 Intervention
Elementary Library Grant

Capital Projects Funds
School Net
Technology Equity
Emergency School Building Repairs

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 65% percent of the School District's operating revenue during the 1999 fiscal year.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those whom the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School and for all employees age 60 and over, regardless of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments for these obligations made more than 60 days after fiscal year end are considered not to have used current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary fund are reported as liabilities in the appropriate proprietary funds

J. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable and payable". The District had short-term interfund loans receivable and payable at June 30, 1999.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 1999.

An analysis of interfund transactions is presented in Note 15.

K. Fund Balance Reserves

The School District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for property taxes, encumbrances and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds. Designated fund balance represents planned actions for additional monies set-aside by the School District for budget stabilization.

L. Contributed Capital

Contributed capital represents resources from other funds and other government sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the amount of contributed capital prior to that date cannot be determined. Recognized contributed capital is as follows:

<u>Year</u>	<u>Source of Capital</u>	<u>Amount</u>
1999	Permanent Improvement Fund	\$ 11,142

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those results.

N. Prepayments

Prepayments for Governmental funds represent cash disbursements, which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period-end, because prepayment and deferrals are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

O. Restricted Assets

Certain assets of the General fund are classified as restricted assets because their use is completely restricted by State legislation.

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 1999, the following funds had deficit fund balances, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Special Revenue:

Other Local	(533)
Title VI-B	(9,570)

Capital Project Fund:

Emergency School Building Repairs	(11,205)
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These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end.

B. Change in Accounting Principle

The District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Plan (OPEDCP). Prior to June 30, 1999, the OPEDCP created a trust for the assets of the plan for which the District has no fiduciary responsibility. Therefore, the balance of the OPEDCP of \$60,357 was shown as a reduction in the deferred compensation agency fund.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust funds (GAAP basis).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Type

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (71,156)	\$ (6,037)	\$ (16,431)	\$(56,216)
Revenue Accruals	70,516	117,572	5,871	2,359
Expenditure Accruals	120,887	(4,565)	0	9,883
Other Financing Sources and Uses	61,884	(82,134)	0	19,968
Encumbrances	<u>(215,415)</u>	<u>(39,984)</u>	<u>0</u>	<u>(52,428)</u>
Budget Basis	<u>\$ (33,284)</u>	<u>\$ (15,148)</u>	<u>\$ (10,560)</u>	<u>\$(76,434)</u>

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4- BUDGETARY BASIS OF ACCOUNTING (continued)

Net Loss/Excess of Revenues Over (Under) Expenses, Transfers and Advances
 Proprietary Fund Type

	Enterprise Funds
GAAP Basis	\$ (9,636)
Revenue Accrual	(47,422)
Expense Accrual	35,788
Depreciation Expense	3,095
Encumbrances	<u>(4,017)</u>
Budget Basis	<u>\$ (22,192)</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes Bills, Bonds, or any other obligation or security issued by the United States Treasury or any obligation guaranteed as to principal and interest by the United States;

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 – CASH AND CASH EQUIVALENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of any federal government agency or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by a least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of School District deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - CASH AND CASH EQUIVALENTS (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During the fiscal year 1999, investments were limited to a repurchase agreement sweep account and StarOhio.

Cash on Hand At year end, the School District had \$47 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,921 and the bank balance was \$127,599. Of the bank balance:

1. \$102,261 was covered by federal depository insurance; and
2. \$ 25,338 was uninsured and uncollateralized. All state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Repurchase Agreement	\$ 80,245	\$ 80,245	\$ 80,245
STAR Ohio	_____	<u>2,078,879</u>	<u>2,078,879</u>
Total Investments	\$ <u>80,245</u>	\$ <u>2,159,124</u>	\$ <u>2,159,124</u>

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - CASH AND CASH EQUIVALENTS (continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 2,161,092	\$ 0
Investments:		
Repurchase Agreement	(80,245)	80,245
STAR Ohio	(2,078,879)	2,078,879
Cash on Hand	<u>(47)</u>	<u>0</u>
 GASB Statement 3	 <u>\$ 1,921</u>	 <u>\$ 2,159,124</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - PROPERTY TAXES (continued)

The School District receives property taxes from Licking and Knox Counties. The Licking County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$154,123 in the General Fund and \$8,946 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	<u>1998 Second</u>		<u>1999 First</u>	
	<u>Half Collections</u>		<u>Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential And Other Real Estate	\$ 94,242,880	84.46%	\$101,072,640	83.59%
Public Utility	13,138,240	11.77%	14,632,620	12.10%
Tangible Personal Property	<u>4,198,990</u>	<u>3.77%</u>	<u>5,206,120</u>	<u>4.31%</u>
Total Assessed Value	<u>\$111,580,110</u>	<u>100.00%</u>	<u>\$120,911,380</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed valuation	\$ 37.00		\$ 37.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	\$ 2,100
Special Revenue Fund: Telecommunication Act	2,158
Enterprise Fund: Food Service	<u>15,190</u>
 Total Intergovernmental Receivables	 <u>\$ 19,448</u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$151,736
Less Accumulated Depreciation	<u>(103,960)</u>
 Net Fixed Assets	 <u>\$ 47,776</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance 07/01/1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/1999</u>
Land & Improvements	\$ 103,190	\$ 126,395	\$ 0	\$ 229,585
Buildings & Improvements	3,226,241	86,656	0	3,312,897
Furniture & Equipment	1,549,029	319,736	0	1,868,765
Vehicles	<u>1,044,694</u>	<u>161,919</u>	<u>89,589</u>	<u>1,117,024</u>
Total	<u>\$ 5,923,154</u>	<u>\$ 694,706</u>	<u>\$ 89,589</u>	<u>\$ 6,528,271</u>

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted for the following insurance coverage:

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 9 - RISK MANAGEMENT (continued)

Building and Contents-replacement cost (\$1,000 deductible)	\$17,240,630	Utica National
Extra Special Expense (\$1,000 deductible)	250,000	Utica National
Inland Marine Coverage		
Audio Visual Equipment (\$250 deductible)	50,000	Utica National
Musical Instruments (\$250 deductible)	50,000	Utica National
EDP Coverage (\$250 deductible)	418,000	Utica National
Valuable Papers and Records (\$100 deductible)	25,000	Utica National
Contractors Equipment (\$250 deductible)	50,000	Utica National
Transportation Coverage (\$1,000 deductible)	35,000	Utica National
Boiler and Machinery (\$1,000 deductible)	25,000,000	Utica National
Business Interruption/Extra Expense	6,250,000	Utica National
Spoilage (\$250 deductible)	25,000	Utica National
Crime Insurance (\$500 deductible)	5,000	Utica National
Automobile Liability (\$100 deductible)	500,000	State Farm Mutual
Medical Payments	5,000	State Farm Mutual
Uninsured Motorists (\$100 deductible)	500,000	State Farm Mutual
General Liability		
Per occurrence	1,000,000	Nationwide Mutual
Total per year	3,000,000	Nationwide Mutual
Employee Benefit Liability (\$1,000 deductible)	500,000	Nationwide Mutual

Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District participates in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 -DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The North Fork Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the North Fork Local School District is required to contribute 14 percent of annual covered payroll. For fiscal year 1999; 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$197,928, \$111,293, and \$119,293, respectively; 71 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$58,285 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The North Fork Local School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the North Fork School District is required to contribute 14 percent; 12 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$597,108, \$517,104, and \$493,413, respectively; 85 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$87,950 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 -DEFINED BENEFIT PENSION PLANS (continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 -POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1997, this allocation was increased to 3.5 percent. For the School District, this amount equaled \$91,056 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 -DEFINED BENEFIT PENSION PLANS (continued)

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999 the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$95,487 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

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North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 -POSTEMPLOYMENT BENEFITS (continued)

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999 the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$95,487 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

NOTE 12 -EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 35 days for certified employees, plus 25 percent of accrued personnel leave. In addition, employees with 20 years or more service with the Districts receive 50 percent of accrued sick leave over 140 days.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Paul Revere Life Insurance Company.

NOTE 13 -CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 13 – CAPITAL LEASES – LESSEE DISCLOSURE (continued)

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$150,858. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$26,305 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

<u>Fiscal Year Ending June 30</u>	<u>GLTDAG</u>
2000	\$ 36,696
2001	36,696
2002	36,696
2003	<u>15,865</u>
Total lease payment including interest	\$ 125,953
Less: Amount Representing Interest	<u>(15,458)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 110,495</u>

NOTE 14 -LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	<u>Principal Outstanding 07/01/1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 06/30/1999</u>
Energy Conservation Notes	\$ 70,000	\$ 0	\$ 70,000	\$ 0
Capital Leases	130,151	6,649	26,305	110,495
Pension Obligations	67,588	94,842	67,588	94,842
Compensated Absences Payable	<u>540,720</u>	<u>738,377</u>	<u>540,720</u>	<u>738,377</u>
Total	<u>\$ 808,459</u>	<u>\$ 839,868</u>	<u>\$ 704,613</u>	<u>\$943,714</u>

Energy Conservation Loan - On June 1, 1989, North Fork Local School District issued \$520,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten-year period with final maturity during fiscal year 1999. The loan was retired from the debt service fund.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$10,882,024 with an unvoted debt margin of \$120,911 at June 30, 1999.

NOTE 15 - INTERFUND ACTIVITY

A. Interfund Receivables/Payables

As of June 30, 1999 receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivables		Payables	
	Interfund	Advance To	Interfund	Advance From
General Fund	\$ 0	\$ 20,055	\$ 0	\$ 0
Special Revenue Fund:				
Other Local Grants	0	0	0	25
Capital Project Fund:				
Emergency School Building Repair	0	0	0	20,000
Agency Fund:				
Student Managed Activities	0	0	0	30
Total - All Funds	\$ 0	\$ 20,055	\$ 0	\$ 20,055

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 – INTERFUND ACTIVITY (continued)

B. Transfers In/Out

The following is a summarized breakdown of the District's operating transfers for fiscal year 1999:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 551	\$ 93,138
Special Revenue Funds:		
Other Local Grants	90	0
District Managed Activities	1,749	548
Principals Funds	0	4
Eisenhower	12	
Title VI-B	4,558	
Title I	17,974	
Title VI	1,000	550
Miscellaneous Federal Grants	3,146	
Capital Project Fund:		
Tech Equity	10	0
Enterprise Funds:		
Food Service	63,000	
Uniform School Supplies	<u>2,150</u>	<u>0</u>
Total – All Funds	<u>\$ 94,240</u>	<u>\$ 94,240</u>

NOTE 16 -SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains an enterprise fund to account for the food service operations. The table below reflects the more significant financial data relating to the enterprise funds of the North Fork Local School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$ 263,689	\$ 42,603	\$ 306,292
Depreciation Expense	3,095	0	3,095
Operating Income (Loss)	(206,376)	(6,275)	(212,651)
Donated Commodities	32,307	0	32,307
Operating Transfers	63,000	2,150	65,150
Net Loss	(5,511)	(4,125)	(9,636)
Net Working Capital	(21,693)	1,005	(20,688)
Total Assets	77,030	1,227	78,257
Total Equity	12,537	1,005	13,542

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 17 - JOINT VENTURE

Licking Area Computer Association

The School District is a participant in Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member entities.

The governing board of LACA consists of the superintendents from all participating school districts and educational service centers. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's fixed assets. The School District's payment for accounting services for fiscal year 1999 was \$8,391. Financial Statements for LACA may be obtained from its fiscal agent, the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

NOTE 18 - STATE FOUNDATION FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$5,690,337 of school foundation support in total (all funds) support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the District is unable to determine the effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 – YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect government's operations.

The North Fork Local School District has completed an inventory of computer systems and other equipment necessary to conducting the District's operations and financial reporting. The District has not identified any internal systems requiring Year 2000 remediation.

The District has confirmed with external agencies considered critical to its operation their Year 2000 remediation status. These include the following: utility and telephone companies, Licking Area Computer Association, Ohio Department of Education, Licking County Auditor and Treasurer Offices and Industrial Appraisal Services (capital equipment inventory software). The external agencies are responsible for remediating their computer systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that the parties with whom the District does business will be Year 2000 ready.

NOTE 21 – SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior year. This amount is to be included in the budget stabilization reserve.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 21 – SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

The following information describes any changes in the amounts set-aside for textbooks and instructional materials, capital improvements, and budget stabilization from the end of the prior year to the end of the current year.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Totals</u>
Set-Aside Cash Balance				
As of June 30,1998	\$ 0	\$ 0	\$49,293	\$49,293
Additional Set-Aside By District	0	0	355	355
Current Year Set-Aside Requirement	129,556	129,556	64,778	323,890
Current Year Offsets	(26,549)	(129,556)	0	(156,105)
Qualifying Disbursements	(103,007)	0	0	(103,007)
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$114,426</u>	<u>\$114,426</u>
Cash Balance Carried Forward to FY2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$114,426</u>	<u>\$114,426</u>

A schedule of restricted assets at June 30, 1999 follows:

Amount Restricted for Budget Stabilization	<u>\$114,071</u>
Total Restricted Assets	<u>\$114,071</u>

Although the District had qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year. During fiscal 1999, the District has elected to set-aside \$355 in excess of the statutory requirement for budget stabilization. This amount is reported as designated fund balance on the combined balance sheet.

Amounts remaining at year end that have been set-aside to satisfy statutory requirements must be represented by cash and should be presented as restricted assets on the balance sheet. Corresponding amounts should be reported as reserves of fund balance. Amounts remaining at year end that have been set-aside in excess of statutory requirements should be reported as designations.

North Fork Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 22 -CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is currently not a party to any legal proceedings.

SUPPLEMENTAL DATA

**NORTH FORK LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Grant Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$32,306		\$29,109
(A) (C) National School Lunch Program	10.555	N/A	85,550		85,550	
Total Nutrition Grant Cluster			85,550	32,306	85,550	29,109
Total U. S. Department of Agriculture			85,550	32,306	85,550	29,109
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010 84.010	048025-C1-S1-98 048025-C1-S1-99	130,723 306,175		71,939 246,561	
Total Title I			436,898		318,500	
Title VI-B - Education of the Handicapped Act	84.027 84.027	048025-6B-SF-98P 048025-6B-SF-99P	0 75,548		21,251 71,813	
Total Title VI - B			75,548		93,064	
Title VI	84.298 84.298	048025-C2-S1-98 048025-C2-S1-99	0 6,807		454 7,526	
Total Title VI			6,807		7,980	
Safe and Drug-Free Schools State Grants	84.186 84.186 84.186	048025-DR-S1-98 048025-DR-S1-98 C 048025-DR-S1-99	0 0 5,849		979 1,556 4,904	
Total Safe and Drug-Free Schools State Grants			5,849		7,439	
Continuous Improvement Grant	84.276 84.276	048025-G2-S2-97 C 048025-G2-S2-99	0 5,000		3,354 0	
Total Goals 2000			5,000		3,354	
Eisenhower Professional Development Grant	84.281 84.281 84.281	048025-MS-S1-98 048025-MS-S1-98 C 048025-MS-S1-99	0 0 5,196		334 434 4,254	
Total Eisenhower			5,196		5,022	
Library Services & Technology Grant	45.310	048025-I-S-9897	0		13,937	
PASSED THROUGH THE SPRINT TELEPHONE COMPANY:						
E-Rate Telecommunications	88.001	N/A	9,587		0	
PASSED THROUGH THE ALLTEL TELEPHONE COMPANY:						
errata Telecommunications	88.001	N/A	507		0	
Total U. S. Department of Education			545,392		449,296	
Total Federal Financial Assistance			\$630,942	\$32,306	\$534,846	\$29,109

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Report on Compliance And on Internal Control Required By *Government Auditing Standards*

Board of Education
North Fork Local School District
312 Maple Avenue
Utica, Ohio 43080-0497

We have audited the general purpose financial statements of North Fork Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether North Fork Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Fork Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of North Fork Local School District in a separate letter dated December 14, 1999.

This report is intended for the information and use of the management and Board of Education of the North Fork Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 14, 1999

TRIMBLE, JULIAN & GRUBE, INC.

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FACSIMILE 614.846.2799

Report on Compliance With Requirements Applicable to Its Major Program And Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
North Fork Local School District
312 Maple Avenue
Utica, Ohio 43080-0497

Compliance

We have audited the compliance of North Fork Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. North Fork Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of North Fork Local School District's management. Our responsibility is to express an opinion on North Fork Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about North Fork Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on North Fork Local School District's compliance with those requirements.

In our opinion, North Fork Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of North Fork Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered North Fork Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education of North Fork Local School District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 14, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Title I; CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY
STATUS OF PRIOR AUDIT FINDINGS**

<p style="text-align: center;"><u>FINDING NUMBER</u></p> <p>1998 - 10645 - 001</p>	<p style="text-align: center;"><u>NONCOMPLIANCE</u></p> <p>Section 5705.41 (B); Revised Code, requiring that total expenditures not exceed appropriations at the legal level of control.</p>	<p style="text-align: center;"><u>STATUS</u></p> <p>Corrected</p>	<p style="text-align: center;"><u>EXPLANATION IF NOT FULLY IMPLEMENTED</u></p> <p>N/A</p>
<p style="text-align: center;"><u>FINDING NUMBER</u></p> <p>1998 - 10645 - 002</p>	<p style="text-align: center;"><u>REPORTABLE CONDITION</u></p> <p>Fixed Assets safeguarding</p>	<p style="text-align: center;"><u>STATUS</u></p> <p>Partially Corrected</p>	<p style="text-align: center;"><u>EXPLANATION IF NOT FULLY IMPLEMENTED</u></p> <p>The District maintains a ongoing effort to develop policies and procedures regarding fixed assets.</p>
<p style="text-align: center;"><u>FINDING NUMBER</u></p> <p>1998 - 10645 - 003</p>	<p style="text-align: center;"><u>REPORTABLE CONDITION</u></p> <p>Pop Machine Receipts</p>	<p style="text-align: center;"><u>STATUS</u></p> <p>Corrected</p>	<p style="text-align: center;"><u>EXPLANATION IF NOT FULLY IMPLEMENTED</u></p> <p>N/A</p>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*

Date: JAN 13 2000